

# ***Transforming Logistics***



***Achieving Knowledge-Enabled  
Logistics***

**28 January 2004**



# ***Our History***

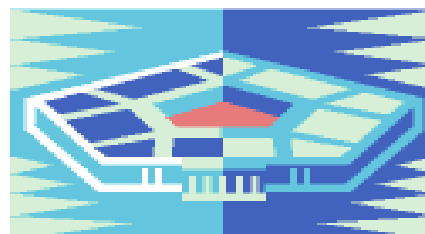


- Unparalleled industrial capabilities
- Highly trained and motivated workforce
- First fully automated logistics system
- Envied by our allies; Feared by our adversaries

***World class in mass logistics.***



# Post Cold War



- \$109B in inventory (1989)
- 60-day response time
- 42 Maintenance Depots
- 788M cubic feet of storage space

- \$67B in inventory
- 32-day response time
- 20 Maintenance Depots
- 323M cubic feet of storage space

***Ready to Project and Sustain a Smaller "Cold***



# ***The Changing Game***



- **Immediately Employable Force Option**
- **Preemptive Capability**
- **Net-Centric Warfare**
- **Focused Joint Logistics**

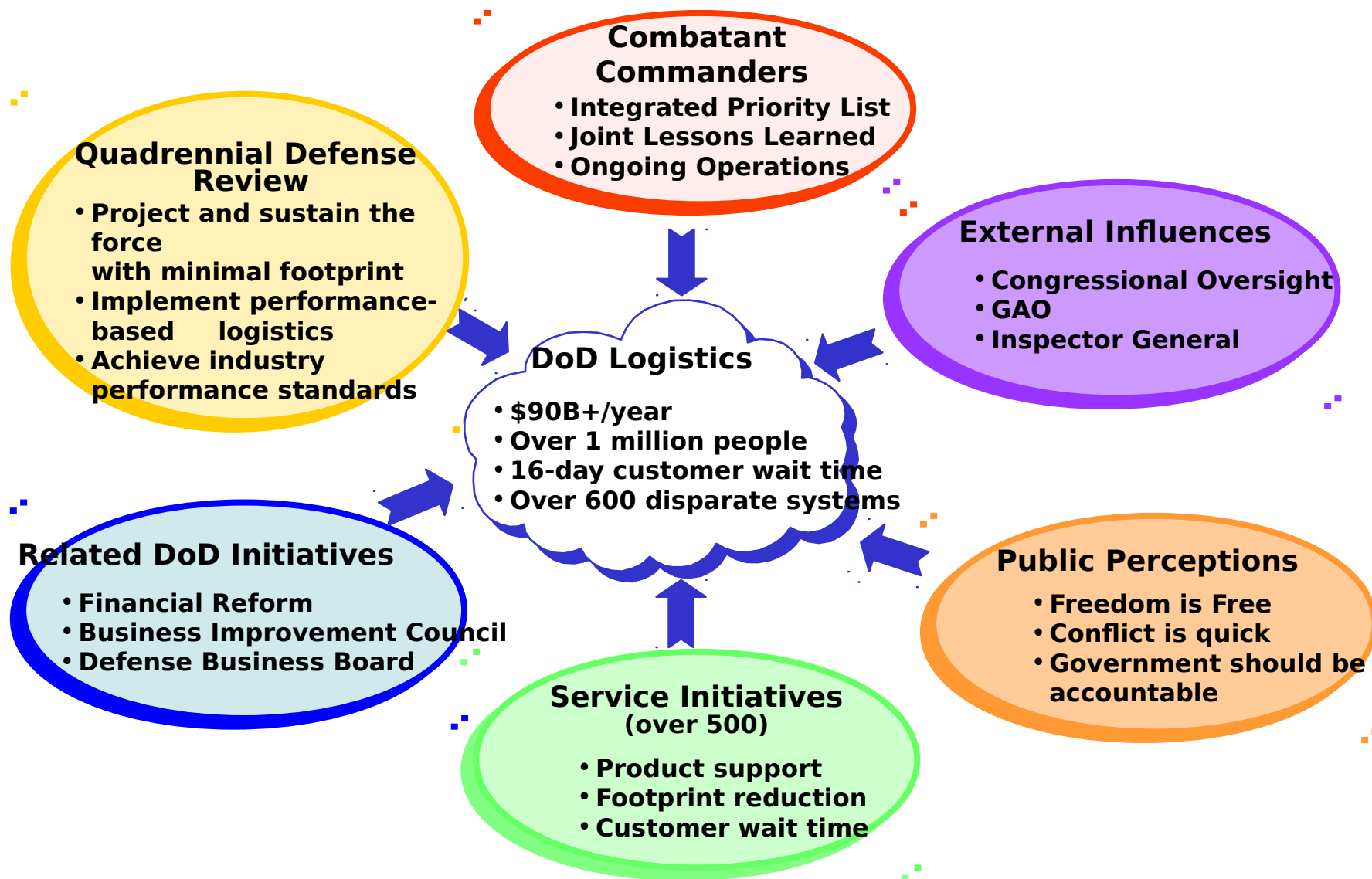


# ***Logistics Implications (QDR Direction)***

- **Project and sustain the force with minimal footprint**
- **Implement performance-based logistics to improve readiness for major weapon systems and availability of commodities**
- **Reduce cycle times to industry standards**



# ***Our Complex Web***







# ***Transforming Logistics***

- Reduce immediate risk
  - Increase readiness
- Reengineer the “Pipeline of Freedom”
  - To commercial standards through commercial practices
- Accelerate the “Arsenal of Democracy”
  - Buy our way out



# ***Reengineer the “Pipeline of Freedom”***

- Implement integrated supply chains for weapon systems
- Implement commercial business solutions
- Infuse accountability and performance measurements





# ***Weapon System Support Challenges***

## **Operational Challenges**

- Availability of parts
- High maintenance levels
- Retention/turnover of maintenance personnel
- Large maintenance/supply footprint

## **Structural Challenges**

- Equipment designed to 75-85% availability
- Disjointed acquisition and logistics processes and accountability
- \$67B per year in cost; no link to output
- Disjointed, functional support structure
- 16-day CWT for high priority parts
- 50% of cost tied to maintenance; vast majority at O&I level

## **Implications for Transformation**

- Will not support rapid force projection
- Large footprint (people and equipment)
- Complex, disjointed logistics chains
- Limited asset visibility

## **Mid-Term Solutions FLE Initiative**

- Total Life Cycle Systems Management
- Performance-Based Logistics
- Depot Partnering
- Conditioned-Based Maintenance +

**Integrated strategy to achieve end-to-end accountability for weapon system support that meets transformation goals and requirements.**



# Future System Sustainment

**Real-Time  
System Status  
(CBM+)**

**Industry/Government**



**Performance-  
Based Logistics**



**Weapon System  
Manager**



**Force Provider**

**Partnerships**

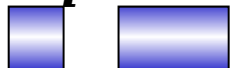
**Ensure system is  
sustained at optimum  
level**

**Performance Agreement**

**Performance Agreement**

**Provide continuous,  
reliable, affordable  
support**

**Acquisition**



**Sustainment**

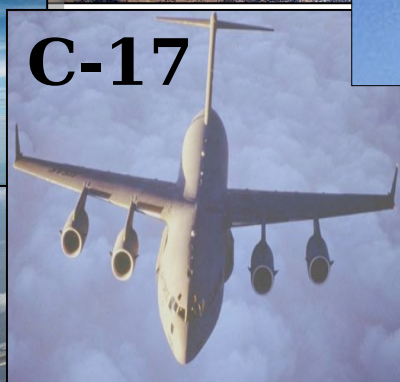
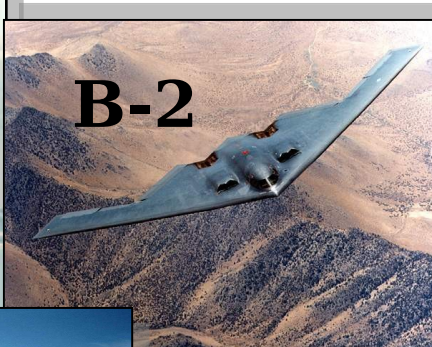
**Disposal**

**Visibility into cost/risk decisions across life cycle**

**Providing operational availability; not parts.**



# ***Programs Contributing to GWOT***

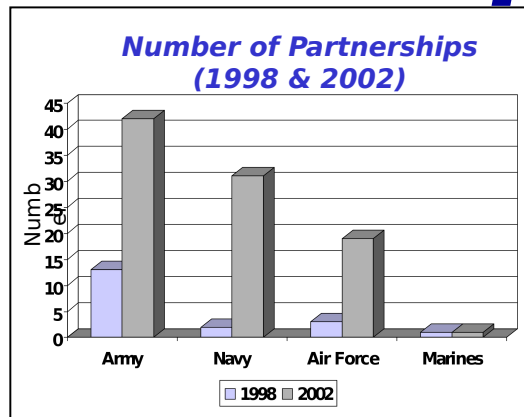


***Delivering Capability NOW!***



# Weapon System Sustainment Roadmap

- PM accountable for life cycle
- JROC established sustainment requirements
- Enabling Depot legislation
- Revised Maintenance Policy
- Industry Supply Chains

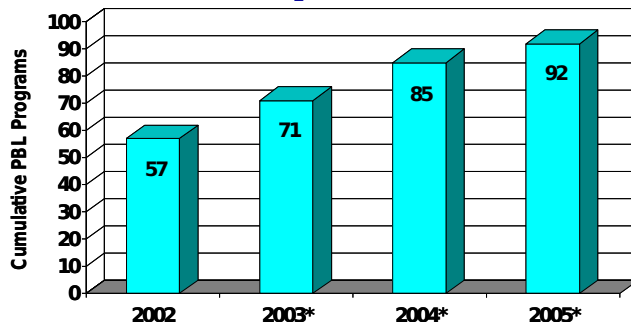


- Joint Strike Fighter
- Future Combat System
- Advanced Amphibious Assault

**Today**

- Suppressed Readiness
- Marginal reliability
- Fractionated Accountability
- \$67B/year
- Huge footprint

## PBL Implementations



- Financial Reform (PR05)
- Single-line Accounting
- Life Cycle Cost Management
- Operational requirements

- **Warfighter-driven readiness**
- **Ultra-reliability**
- **Clear PM accountability**
- **Minimal Footprint**

2000

2005 synchronized with

2015



# ***Implications for DoD Standards***

- Increased reliance on interoperability
- Preference for industry-developed standards
- Preference for international standards

***We need your continued assistance.***



# ***Recent Standards Efforts***

- Product data/configuration management
- Radio Frequency Identification
- Universal Identification

***THANK YOU!!***





# ***End-to-End Warfighter Support Challenges***

## **Operational Challenges**

- Conflicting in-theater roles and responsibilities
- Extended customer wait time
- High variability in response times
- Limited visibility/control over material flow

## **Structural Challenges**

- Hard breaks between national and retail activities
- Financial processes driving behavior
- Military-unique information systems (batch processed)

## **Implications for Transformation**

- Large footprint
- Complicated crisis planning
- Delayed response cycle

## **FLE Initiative**

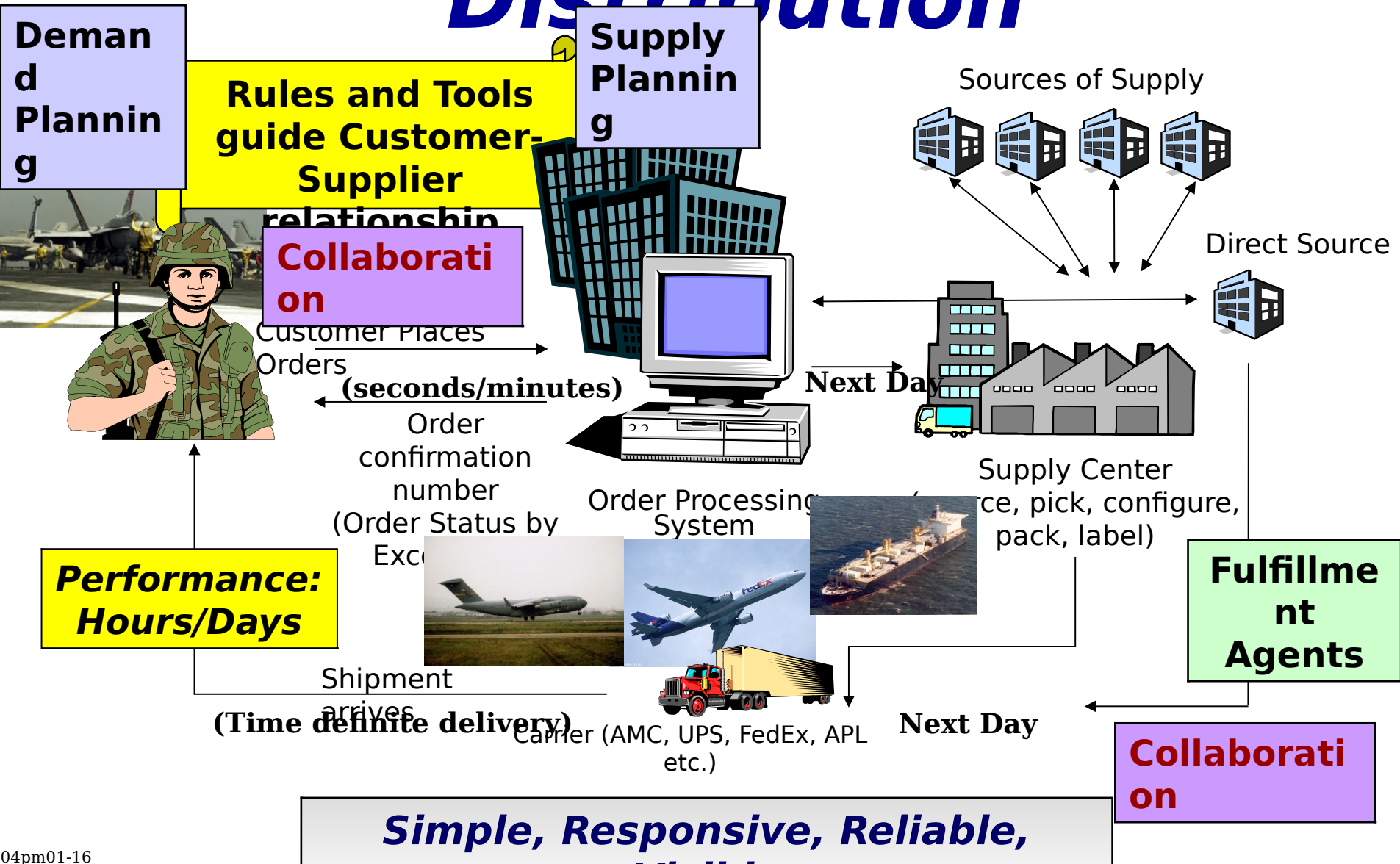
- Define end-to-end Executive Agents
- Adopt commercial distribution processes
- Implement Performance-Based Logistics
- Employ COTS solutions

**Coherent strategy to capitalize on commercial model and practices to rapidly improve warfighter support.**





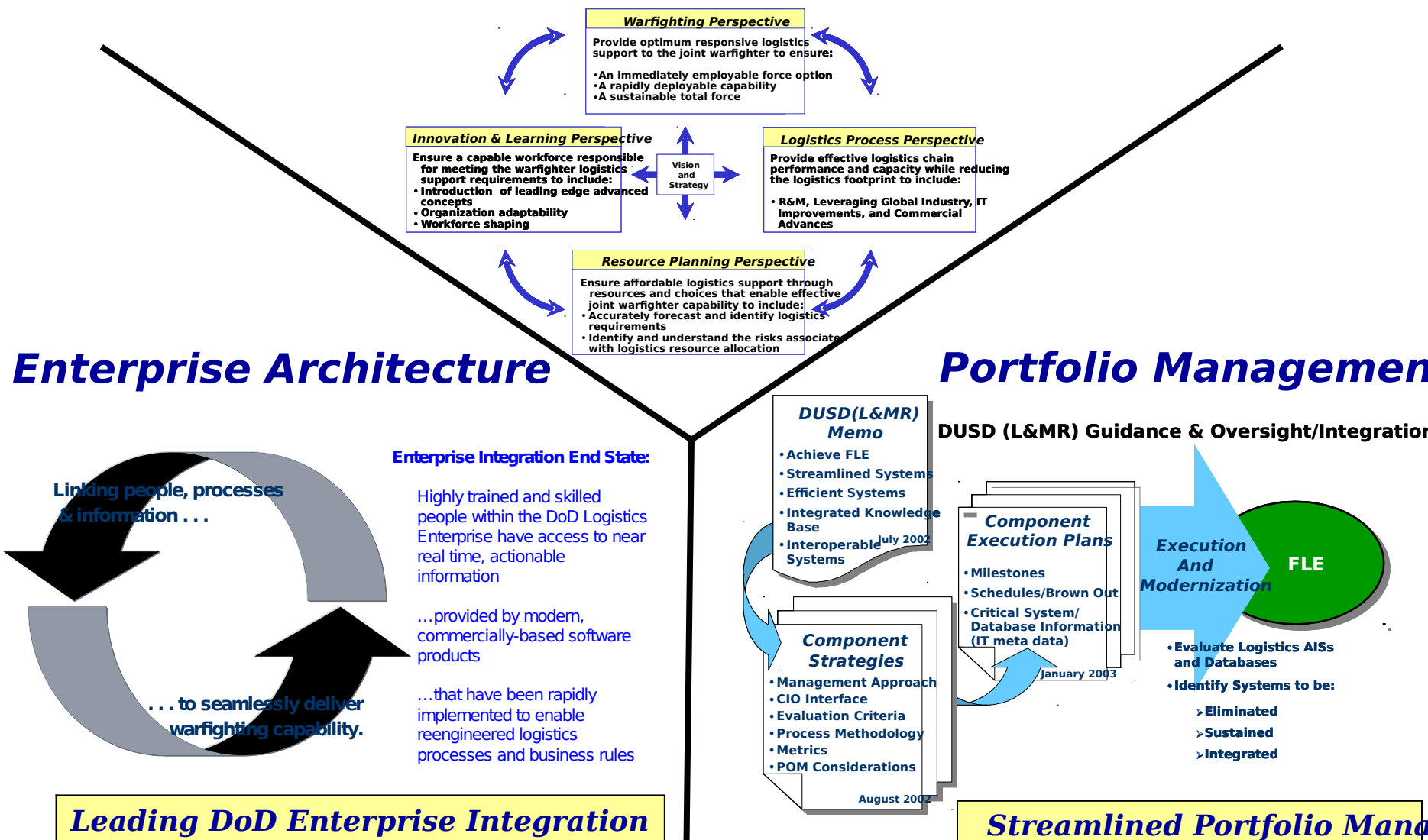
# Commercial Business Solutions: Distribution





# Enterprise Integration

## Logistics Balanced Scorecard Synchronized to DoD BSC





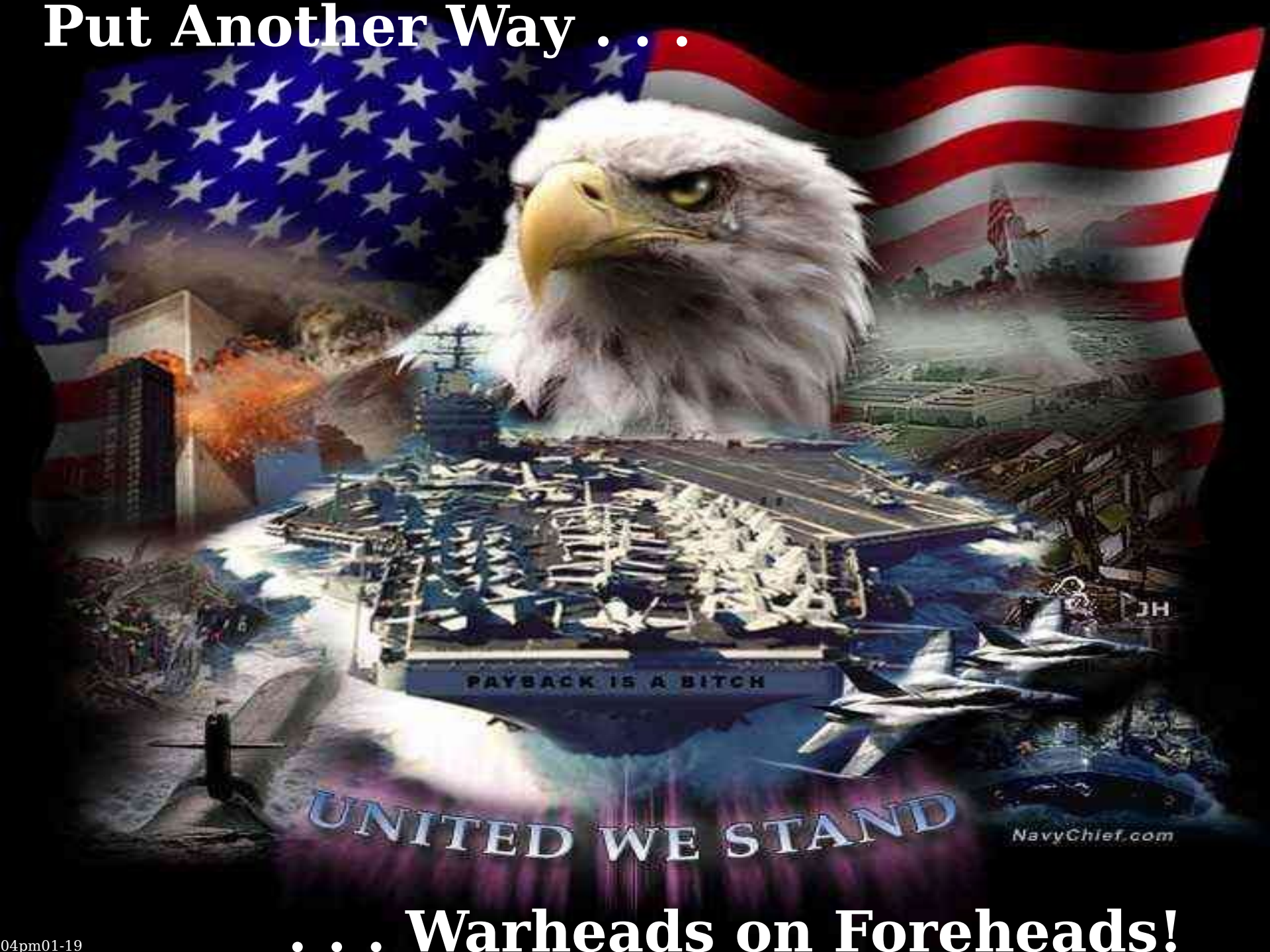
# ***The End Game***



**“On my signal ...  
unleash hell....”**

***Ubiquitous, cost-effective capability to project and***

**Put Another Way . . .**



**PAYBACK IS A BITCH**

**UNITED WE STAND**

[NavyChief.com](http://NavyChief.com)

**. . . Warheads on Foreheads!**





# ***We Need Your Continued Help***



- **Government/Industry Exchange Program**
- **New Life Cycle Logistics Career Series**
- **Effective CM/DM Training**